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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: July 27, 2007

"Salary Rise for Everyone" - Social Minister Buchinger Criticized by
Head of Economic Chamber Leidl

¶1. The President of the Economics Chamber Christoph Leidl in an interview with ORF radio and last night on Austrian TV sharply criticized the statement by Social Minister Erwin Buchinger (SPOe) that for the upcoming wage negotiations it "would be optimal if a four percent rise" could be achieved. Leidl stated that neither industry nor labor unions would need such suggestions and the mentioning of concrete figures before the negotiations was an absolute no-no. Leidl: "The Social Minister is ploughing a field which is not his."

Social Minister Erwin Buchinger justified his demand with reference to the profit increases of companies during the past few years, of which the employees did not get their full share, reports centrist daily "Die Presse." Minister for Economy and Labor Martin Bartenstein from the coalition partner OeVP has likewise protested Buchinger's proposal, saying that intervention in the negotiations between the social partners on the part of a member of the government amounted to breaking a taboo and was dispensable. The trade unions likewise pointed out that the negotiations and the ensuing agreement was still "the business of the individual unions," as a spokesperson of the unions' umbrella organization put it. The respective negotiations will begin on September 28.

Weapons Delays Hinder Iraqi Army

¶2. ORF radio reports that the US-led coalition in Iraq has not delivered nearly two-thirds of the weapons and equipment it promised to the Iraqi army according to the US Defense Department. Iraq's Ambassador to the US has said that under-armed Iraqi troops are often "easy targets for militants."

More Arms for Somalia

¶3. Austrian media cover a UN report which says Eritrea is sending huge quantities of arms to Islamic insurgents in Somalia. The report says there are now more arms in Somalia than at any time since the early ninety nineties.

Paris Is Helping Gaddafi to Build a Nuclear Power Plant

¶4. Semi-official daily Wiener Zeitung headlines that France and Libya have agreed to cooperate in building a nuclear power plant in the North African state to provide energy for the desalination of seawater. The paper also writes that US Secretary of State Condoleezza Rice has announced a visit to Libya soon. All Austrian media report on the French President's proposal to

offer Libya French assistance with the construction of the plant, which, according to Sarkozy, has no connection with Libya's release of the Bulgarians earlier this week. "The only connection is that if they had not been released I would not have come," the French President is quoted by independent daily "Salzburger Nachrichten." Sarkozy's plan meets with severe criticism from environmentalists - Greenpeace has pointed out the considerable risks that are involved in exporting nuclear technology to a country like Libya. The daily quotes energy expert Frdric Marillier who argues that "[i]t is easy enough on paper to distinguish between military and civilian use of nuclear energy. But the technology is the same." Sarkozy's response to the charges that his move was irresponsible was that it would amount to a "humiliation of the Arab world" to claim that Libya is not responsible enough for civilian nuclear technology. The daily also refers to the fact that the nuclear power plant is only one aspect of the new cooperation with Libya - the country has also shown interest in French submarines, radar installations for the surveillance of borders and military helicopters, while France, in turn, is interested in the abundant Libyan uranium reserves.

US Real Estate Crisis Bad for Investors

¶5. The American real estate market is in a crisis and this makes banks hesitant to give out loans, writes independent daily "Der Standard." According to "Der Standard," this affects primarily the financial investors that finance their takeovers with the help of outside capital. Due to problems with US mortgage loans, the banks are now demanding higher loans for the financing of companies. The nervousness of the creditors has already endangered 20 large transactions, among them the sale of the British drugstore chain Alliance Boots and the beverage section of Cadbury. Up to this point, the culmination of the crisis was the postponement of the financing of the Chrysler purchase by BAWAG owner Cerberus, reports the daily.

Taliban Boss Wants to Train Children to Kill Christians

¶6. Austrian media report on a BBC interview with the military commander of the Taliban, Mansur Dadullah, in which he advocated the decapitation of hostages by children. Dadullah maintained in the interview that the killing of "unbelievers and spies" would make the children "braver." In the meantime, efforts to free the remaining 22 South Koreans - one hostage has already been killed - continue. A Taliban spokesperson announced that they are alive and safe. Also, the remaining German hostage is still alive. The kidnappings are part of an overall strategy on the part of the Taliban to capture as many foreigners in Afghanistan as they can, says independent daily "Der Standard" with reference to the BBC interview with Dadullah. In the meantime, the German Foreign Ministry has warned that the Taliban uses propaganda on a large scale. This is a new phenomenon which could be described as a "media war" or "war of words," the daily quotes from the Ministry's statement.

Hardly Any Help for Veterans

¶7. In a recent report, a US committee has demanded a comprehensive reform of veteran medical care, after former soldiers who served in Iraq and Afghanistan had accused the government with negligence. Independent daily "Der Standard" reports that the committee that investigated medical care for injured soldiers who served abroad, followed up on a scandal about the atrocious conditions in Walter Reed Hospital where military personnel are treated and where patients were reportedly housed in mildewed rooms that were infested with bugs. On Monday, veteran's associations had brought in collective charges in the names of "several hundred thousand soldiers" against the government. President Bush has agreed to speedily implement the committee's recommendations, which, among other measures, include better care for veterans suffering from mental conditions such as post-traumatic stress disorder.

Kilner